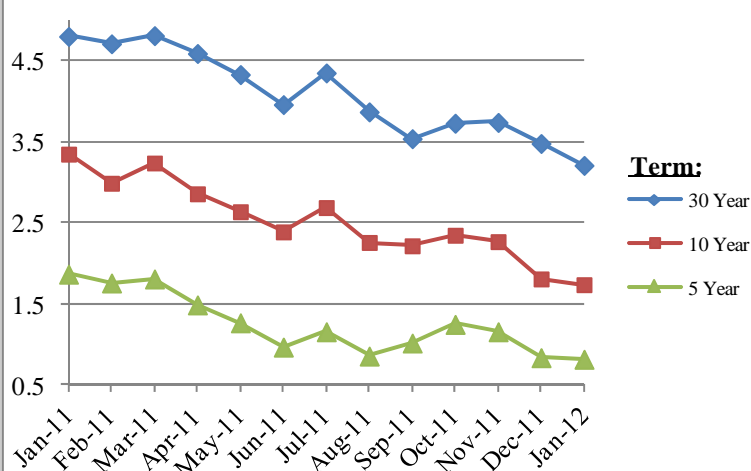


### AAA Municipal Yield Curves

	Current Week	Last Week	12/30/11	09/30/11
1 Year	0.20	0.20	0.19	0.26
5 Year	0.82	0.83	0.84	1.02
10 Year	1.74	1.76	1.81	2.22
15 Year	2.37	2.44	2.66	2.92
20 Year	2.87	2.93	3.18	3.37
25 Year	3.16	3.16	3.43	3.51
30 Year	3.21	3.21	3.48	3.54

### AAA Bond Yield History



### Muni / Treasury Yield Ratios

	AAA	Treasury	Ratio	2 Yr Max Ratio	2 Yr Min Ratio
1 Year	0.20	0.12	157%	358%	60%
5 Year	0.82	0.86	95%	277%	59%
10 Year	1.74	1.98	88%	129%	75%
20 Year	2.87	2.51	114%	174%	78%
30 Year	3.21	3.04	109%	134%	74%

### Credit Quality Spreads

	AAA	A	Spread	2 Yr Max Spread	2 Yr Min Spread
1 Year	0.20	0.90	0.70	0.79	0.51
5 Year	0.82	1.51	0.69	1.09	0.66
10 Year	1.74	2.49	0.75	1.03	0.60
20 Year	2.87	3.73	0.86	0.86	0.57
30 Year	3.21	4.02	0.81	0.92	0.50

### Market Highlights

- The municipal rally finally stalled late last week with buyers reluctant to purchase securities at prevailing low absolute interest rate levels.
- Very limited yields on short maturity securities have prompted buyers to extend along the curve for the last few months, thus driving down longer tax exempt yields. A historically low rate on the longer end of the curve and the potential of increasing supply has, temporarily at least, slowed demand.
- This week's new issuance calendar is expected to be approximately \$4.5 billion.

### Strategy

- Municipals with 5 and 10 year AAA tax-exempts yielding, respectively, 95% and 88% of like maturity treasuries.
- Absolute level of municipal rates (e.g. 10 year AAA at 1.74%) remains.
- Lowering portfolio durations as opportunities develop.